

GOVERNOR'S PROPOSED STATE BUDGET FOR 2005-06

GOVERNOR'S MAJOR BUDGET ADJUSTMENTS PROPOSED FOR SPECIAL EDUCATION: The Governor's Budget provides \$172.7 million in additional General Fund for special education programs, including increases of \$156.6 million for a 3.93 percent cost-of-living adjustment (COLA), and \$31.4 million for growth. The Governor's Budget also reflects a local property tax increase of \$15.3 million and a total increase of \$65.1 million in federal funds, of which \$24.8 million is passed through to local educational agencies (LEAs).

SPECIAL EDUCATION & RELATED BUDGET ITEMS Contained in Senate Bill 52 (Chesbro) & Assembly Bill 90 (Laird) January 10, 2005

STATE PROPOSITION 98 FUNDS FOR SPECIAL EDUCATION

6110-161-0001--For local assistance, Department of Education (Proposition 98), Program 10.60-Special Education Programs for Exceptional Children.....\$2,891,271,000

Schedule:

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|-----|---|-----------------|
| (1) | 10.60.050.003-Special education instruction..... | \$2,827,578,000 |
| (2) | 10.60.050.080-Early Education Program for Individuals with Exceptional Needs..... | \$ 78,088,000 |
| (3) | Reimbursements for Early Education Program, Part C..... | \$ -14,395,000 |

Provisions:

1. Funds appropriated by this item are for transfer by the Controller to Section A of the State School Fund, in lieu of the amount that otherwise would be appropriated for transfer from the General Fund in the State Treasury to Section A of the State School Fund for the 2005-06 fiscal year pursuant to Sections 14002 and 41301 of the Education Code, for apportionment pursuant to Part 30 (commencing with Section 56000) of the Education Code, superseding all prior law.
2. Of the funds appropriated in Schedule (1) of this item, \$11,492,000, plus any COLA, shall be available for the purchase, repair, and inventory maintenance of specialized books, materials, and equipment for pupils with low-incidence disabilities, as defined in Section 56026.5 of the Education Code.
3. Of the funds appropriated in Schedule (1) of this item, \$8,879,000, plus any COLA, shall be available for the purposes of vocational training and job placement for special education pupils through Project Workability I pursuant to Article 3 (commencing with Section 56470) of Chapter 4.5 of Part 30 of the Education Code. As a condition of receiving these funds, each local educational agency shall certify that the amount of nonfederal resources, exclusive of funds received pursuant to this provision, devoted to the provision of vocational

education for special education pupils shall be maintained at or above the level provided in the 1984-85 fiscal year. The Superintendent of Public Instruction may waive this requirement for local educational agencies that demonstrate that the requirement would impose a severe hardship.

4. Of the funds appropriated in Schedule (1) of this item, \$4,631,000, plus any COLA, shall be available for regional occupational centers and programs that serve pupils having disabilities, and \$78,075,000, plus any COLA, shall be available for regionalized program specialist services, \$2,171,000, plus any COLA, for small special education local plan areas (SELPAs) pursuant to Section 56836.24 of the Education Code.
5. Of the funds appropriated in Schedule (1), \$1,000,000 is provided for extraordinary costs associated with single placements in nonpublic, nonsectarian schools, pursuant to Section 56836.21 of the Education Code.
6. Of the funds appropriated in Schedule (1), a total of \$180,804,000, plus any COLA, is available to fund the costs of children placed in licensed children's institutions who attend nonpublic schools based on the funding formula authorized in Chapter 914, Statutes of 2004 (AB 1108).
7. Of the amount appropriated in Schedule (2) of this item, \$592,000, plus any COLA, shall be available for infant program growth units (ages birth-two years). Funds for infant units shall be allocated pursuant to Provision 11 of this item, with the following average number of pupils per unit:
 - (a) For special classes and centers--16.
 - (b) For resource specialist programs--24.
 - (c) For designated instructional services--16.
8. Notwithstanding any other provision of law, early education programs for infants and toddlers shall be offered for 200 days. Funds appropriated in Schedule (2) shall be allocated by the State Department of Education for the 2005-06 fiscal year to those programs receiving allocations for instructional units pursuant to Section 56432 of the Education Code for the Early Education Program for Individuals with Exceptional Needs operated pursuant to Chapter 4.4 (commencing with Section 56425) of Part 30 of the Education Code, based on computing 200-day entitlements. Notwithstanding any other provision of law, funds in Schedule (2) shall be used only for the purposes specified in Provisions 10 and 11 of this item.
9. Notwithstanding any other provision of law, state funds appropriated in Schedule (2) of this item in excess of the amount necessary to fund the deficated entitlements pursuant to Section 56432 of the Education Code and Provision 10 of this item shall be available for allocation by the State Department of Education to local educational agencies for the operation of programs serving solely low-incidence infants and toddlers pursuant to Title 14 (commencing with Section 95000) of the Government Code. These funds shall be allocated to each local educational agency for each solely low-incidence child through age two in excess of the number of solely low-incidence children through age two served by the local educational agency during the 1992-93 fiscal year and reported on the April 1993 pupil count. These funds shall only be allocated if the amount of reimbursement received from the State Department of Developmental Services is

insufficient to fully fund the costs of operating the Early Intervention Program, as authorized by Title 14 (commencing with Section 95000) of the Government Code.

10. The State Department of Education, through coordination with the SELPAs, shall ensure local interagency coordination and collaboration in the provision of early intervention services, including local training activities, child-find activities, public awareness, and the family resource center activities.
11. Funds appropriated in this item, unless otherwise specified, are available for the sole purpose of funding 2005-06 special education program costs and shall not be used to fund any prior year adjustments, claims or costs.
12. Of the amount provided in Schedule (1), \$162,000, plus any COLA, shall be available to fully fund the declining enrollment of necessary small SELPAs pursuant to Chapter 551 of the Statutes of 2001.
13. Pursuant to Section 56427 of the Education Code, of the funds appropriated in Schedule (1) of this item, up to \$2,324,000 may be used to provide funding for infant programs, and may be used for those programs that do not qualify for funding pursuant to Section 56432 of the Education Code.
14. Of the funds appropriated in Schedule (1) of this item, \$29,478,000 shall be allocated to local education agencies for the purposes of Project Workability I.
15. Of the funds appropriated in Schedule (1) of this item, \$1,700,000 shall be used to provide specialized services to pupils with low-incidence disabilities, as defined in Section 56026.5 of the Education Code.
16. Of the funds appropriated in Schedule (1) of this item, up to \$1,117,000 shall be used for a personnel development program. This program shall include state-sponsored staff development, local in-service components, bilingual, student study team, and core curriculum components.
17. Of the funds appropriated in Schedule (1) of this item, up to \$200,000 shall be used for research and training in cross-cultural assessments.
18. Of the amount specified in Schedule (1) of this item, \$31,000,000 shall be used to provide mental health services required by an individual education plan pursuant to the federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.) and pursuant to Chapter 493 of the Statutes of 2004.
19. Of the amount provided in Schedule (1), \$153,655,000 is provided for a COLA at a rate of 3.93 percent.
20. Of the amount provided in Schedule (2), \$2,953,000 is provided for a COLA at a rate of 3.93.
21. Of the amount specified in Schedule (1) of this item, \$24,840,000 shall be appropriated in the following priority sequence:
 - (a) The Superintendent of Public Instruction shall allocate any additional amount, if needed, to augment the amounts appropriated in Schedules (1) and (2) of this item to ensure full funding for the 2005-06 fiscal year.
 - (b) Once the Superintendent of Public Instruction has determined that none of the programs in Schedules (1) and (2) of this item require any additional funding pursuant to the statutory formulas contained in Chapter 854 of the Statutes of 1997, the remaining amount shall be allocated pursuant to Section 56836.158 of the Education Code.

FEDERAL FUNDS FOR SPECIAL EDUCATION

6110-161-0890--For local assistance, Department of Education, payable from the Federal Trust Fund, Program 10.60--Special Education Programs for Exceptional Children.....\$1,153,212,000

Schedule:

(1) 10.60.050.012-Local Agency Entitlements, IDEA Special Education...	\$ 974,598,000
(2) 10.60.050.013-State Agency Entitlements, IDEA Special Education....	\$ 2,152,000
(3) 10.60.050.015-IDEA, Local Entitlements, Preschool Program.....	\$ 59,240,000
(4) 10.60.050.021-IDEA, Capacity Building, Special Education.....	\$ 73,220,000
(5) 10.60.050.030-PL 99-457, Preschool Grant Program.....	\$ 39,551,000
(6) 10.60.050.031-IDEA, State Improvement Grant, Special Education... .	\$ 2,079,000
(7) 10.60.050.032-IDEA, Family Empowerment Centers.....	\$ 2,372,000

Provisions:

1. If the funds for Part B of the federal Individuals with Disabilities Education Act that are actually received by the state exceed \$1,137,773,000, at least 95 percent of the funds received in excess of that amount shall be allocated for local entitlements and to state agencies with approved local plans. Up to five percent of the amount received in excess of \$1,137,773,000 may be used for state administrative expenses upon approval of the Department of Finance. If the funds for Part B of the federal Individuals with Disabilities Education Act that are actually received by the state are less than \$1,137,773,000, the reduction shall be taken in capacity building.
2. The funds appropriated in Schedule (2) shall be distributed to state-operated programs serving disabled children from 3 to 21 years of age, inclusive. In accordance with federal law, the funds appropriated in Schedules (1) and (2) shall be distributed to local and state agencies on the basis of the federal Individuals with Disabilities Education Act permanent formula.
3. Of the funds appropriated in Schedule (4) of this item, \$2,500,000 shall be allocated directly to special education local plan areas for a personnel development program. The local in-service programs shall include a parent training component and may include a staff training component. Use of these funds shall be described in the local plans. These funds may be used to provide training in alternative dispute resolution and the local mediation of disputes. All programs are to include evaluation components.
4. Of the funds appropriated in Schedule (4) of this item, up to \$300,000 shall be used to develop and test procedures, materials, and training for alternative dispute resolution in special education.
5. Of the funds appropriated by Schedule (5) for the Preschool Grant Program, \$1,228,000 shall be used for in-service training and shall include a parent training component and may, in addition, include a staff training program. These funds may be used to provide training in alternative dispute resolution and the local mediation of disputes. This program shall include state-sponsored and local components.
6. Of the funds appropriated in this item, \$1,420,000 is available for local assistance

grants for the Quality Assurance and Focused Monitoring Pilot Program to monitor local education agency compliance with state and federal laws and regulations governing special education. This funding level is to be used to continue the facilitated reviews and, to the extent consistent with the key performance indicators developed by the State Department of Education, these activities focus on local education agencies identified by the United States Department of Education's Office of Special Education Programs.

7. The funds appropriated in Schedule (7) shall be used for the purposes of establishing Family Empowerment Centers on Disabilities pursuant to Chapter 690, Statutes of 2001.
8. Notwithstanding the notification requirements listed in Section 26.00 (d) of this act, the Department of Finance is authorized to approve intraschedule transfers of funds within this item submitted by the State Department of Education for the purposes of ensuring that special education funding provided in this item is appropriated in accordance with the statutory funding formula required by federal IDEA and the special education funding formula required pursuant to Chapter 7.2 (commencing with Section 56836) of Part 30 of Division 4 of Title 2 of the Education Code, without waiting 30 days, but shall provide a notice to the Legislature each time a transfer occurs.
9. Pursuant to Chapter 493, Statutes of 2004 (SB 1895), of the funds appropriated in Schedule (4) of this item, \$69,000,000 shall be used to support mental health services provided during the 2005-06 fiscal year pursuant to Chapter 26.5 (commencing with Section 7570) of Division 7 of the Government Code and that are included within an individualized education program pursuant to the Federal Individuals with Disabilities Education Act (IDEA).

STATE SPECIAL SCHOOLS

6110-005-0001--For support of Department of Education, as allocated by the Department of Education to the State Special Schools, Program 10.60.040.....\$34,205,000
Schedule:

- (1) 10.60.040 – Instruction.....\$34,807,000
 - (a) 10.60.040.001 - School for the Blind, Fremont.....\$ 5,000,000
 - (b) 10.60.040.002 - School for the Deaf, Fremont.....\$16,155,000
 - (c) 10.60.040.003 - School for the Deaf, Riverside.....\$13,652,000
- (2) Reimbursements.....\$ -602,000

Provisions:

1. The State Special Schools for the Deaf in Fremont and Riverside and the State Special Schools for the Blind in Fremont shall provide a four-week extended session.

STATE PROPOSITION 98 FUNDS FOR STATE SPECIAL SCHOOLS AND CENTERS

6110-006-0001--For support of Department of Education (Proposition 98), as allocated by the Department of Education to the State Special Schools.....\$41,708,000
Schedule:

- (1) 10.60.040 - Instruction, State Special Schools.....\$47,064,000
 - (a) 10.60.040.001 - School for the Blind, Fremont.....\$ 5,919,000
 - (b) 10.60.040.002 - School for the Deaf, Fremont.....\$16,373,000
 - (c) 10.60.040.003 - School for the Deaf, Riverside.....\$13,748,000
 - (d) 10.60.040.007 - Diagnostic Centers.....\$11,024,000
- (2) Reimbursements.....\$ -5,356,000

Provisions:

1. On or before September 15 of each year, the superintendent of each State Special School shall report to each school district the number of pupils from that district who are attending a State Special School and the estimated payment due on behalf of the district for those pupils pursuant to Section 59300 of the Education Code. The Controller shall withhold from the State School Fund in the first principal apportionment of that fiscal year the amount due from each school district, as reported to the Controller by the Superintendent of Public Instruction. The amount withheld shall be transferred from the State School Fund to this item. The Superintendent of Public Instruction is authorized to adjust the estimated payments required after the close of the fiscal year by reporting to the Controller the information needed to make the adjustment. The payments by the Controller that result from this yearend adjustment shall be applied to the current year.
2. The State Special Schools for the Deaf in Fremont and Riverside and the State Special School for the Blind in Fremont shall provide a four-week extended session.

STATE SPECIAL SCHOOLS TRANSPORTATION

6110-008-0001--For support of Department of Education, as allocated by the Department of Education to the State Special Schools for student transportation allowances, Program 10.60.040.....\$ 1,438,000

Provision:

1. Funds appropriated in this item are in lieu of funds that otherwise would be transferred from the General Fund to Section A of the State School Fund in accordance with Sections 14007 and 41301.5 of the Education Code.

STATE OPERATIONS - FEDERAL TRUST FUND

6110-001-0890--For support of Department of Education, for payment to Item 6110-001-0001, payable from the Federal Trust Fund.....\$146,050,000

(SPECIAL EDUCATION & RELATED ITEMS ONLY)

(The operations of the Department's Special Education Division are also funded from this item.)

Provisions:

2. Of the funds appropriated by this item, \$96,000 is available to the Advisory Commission on Special Education for the in-state travel expenses of the commissioners and the secretary to the commission.
4. Of the funds appropriated by this item, up to \$364,000 shall be used to provide in-

- service training for special and regular educators and related persons, including, but not limited to, parents, administrators, and organizations serving severely disabled children. These funds are also to provide up to four positions for this purpose.
5. Of the funds appropriated by this item, \$318,000 shall be used to provide training in culturally nonbiased assessment and specialized language skills to special education teachers.
 9. Of the funds appropriated by this item, \$10,140,000 is for dispute resolution services, including mediation and fair hearing services, provided through contract for the Special Education Program.
 10. Of the amount provided in this item, \$881,000 is provided for staff for the Special Education Focused Monitoring Pilot Program to be established by the State Department of Education for the purpose of monitoring local educational agency compliance with state and federal laws and regulations governing special education.
 11. Of the funds appropriated in this item, \$125,000 shall be allocated for increased travel costs associated with program reviews conducted by the Special Education Division Focused Monitoring and Technical Assistance Units. Expenditure of these funds is subject to Department of Finance approval of an expenditure plan. The expenditure plan shall include the proposed travel costs associated with focused monitoring and technical assistance provided by the State Department of Education. It shall also include the estimated type and number of reviews to be conducted, and shall provide an estimated average cost per type of review. Annual renewal of this funding is subject to Department of Finance approval of an annual focused monitoring final expenditure report. The report shall be submitted on or before September 30, 2005. It shall provide the total number of reviews conducted each fiscal year, the amount of staff and personnel days and hours associated with each category of review, the travel costs associated with the type and number of reviews conducted, and an average cost per type of review.
 14. Of the funds appropriated in this item, \$303,000 shall be allocated by the Department of Education to the California State University, San Bernardino, Center for the Study of Correctional Education, for special education monitoring of and technical assistance for the California Youth Authority pursuant to Chapter 536, Statutes of 2001.
 22. Of the amount appropriated in this item, \$1,480,000 in carryover special education funds are available for the state's share of costs in the settlement of Emma C. v. Delaine Eastin et al. (N.D. Cal., No. C96-4179TEH). The State Department of Education shall report by January 1, 2006, to the fiscal committees of the Legislature, the Department of Finance, and the Legislative Analyst's Office on the planned use of the additional special education funds provided to Ravenswood Elementary School District pursuant to this settlement. The report shall also provide the department's best estimate of when this supplemental funding will no longer be required by the court. The department shall comply with the requirements of Section 948 of the Government Code in any future requests for funds to satisfy this settlement.
 25. Of the amount appropriated in this item, \$832,000 (\$600,000 reimbursements and \$232,000 federal special education funds) shall be used to fund six positions and implement the provisions of Chapter 914 of the Statutes of 2004 for increased

- monitoring of nonpublic, nonsectarian schools.
26. Of the amount appropriated in this item, \$963,000 in federal special education funds shall be used to augment funding for State Special Schools transportation.

STATE SUPPORT OF DEPARTMENT OF EDUCATION

6110-001-0001--For support of Department of Education.....\$40,674,000
(SPECIAL EDUCATION & RELATED ITEM ONLY)

Provision:

7. Of the funds appropriated in this item, \$206,000 shall be available as matching funds for the State Department of Rehabilitation to provide coordinated services to disabled pupils. Expenditure of the funds shall be identified in the memorandum of understanding or other written agreement with the Department of Rehabilitation to ensure an appropriate match to federal vocational rehabilitation funds.

CAPITAL OUTLAY - DEPARTMENT OF EDUCATION

6110-301-0001—For capital outlay, Department of Education, State Special Schools and Services Division.\$ 470,000

Schedule:

California School for the Deaf, Fremont:

- (1) 80.75.092-Student Waiting Area Shelters—Preliminary plans, working drawings, and construction ...\$470,000

6110-301-0660--For capital outlay, Department of Education, payable from the Public Buildings Construction Fund.....\$ 16,563,000

Schedule:

California School for the Deaf, Riverside:

- (1) 80.80.050-Career and Technical Education Complex and Service Yard - Preliminary plans, working drawings, construction, and equipment . . . \$ 16,563,000
(SEE PROVISIONS 1-6 REGARDING STATE PUBLIC WORKS BOARD AND OTHER STIPULATIONS REGARDING THIS BUDGET ITEM.)